

Message Text

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ACTION NEA-09

INFO OCT-01 ISO-00 ERDA-05 AID-05 CEA-01 CIAE-00 CIEP-01

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FM AMEMBASSY ABU DHABI

TO AMEMBASSY NEW DELHI

INFO SECSTATE WASHDC 2693

AMEMBASSY DACCA

AMEMBASSY ISLAMABAD

C O N F I D E N T I A L ABU DHABI 0563

E.O. 11652: GDS

TAGS: ENRG, EAID, TC, IN

SUBJ: ABU DHABI CONCLUDES OIL DEAL WITH INDIA

REF: (A) ABU DHABI 475 (B) ABU DHABI 255 (C) NEW DELHI 2757

1. LOCAL PRESS MARCH 5 REPORTED THAT SHAIKH TAHNOUN, CHAIRMAN OF ABU DHABI NATIONAL OIL CO. (ADNOC) HAD SIGNED AGREEMENT WITH REPS INDIAN OIL CORPORATION UNDER WHICH ADNOC AGREED SELL INDIA ONE MILLION TONS CRUDE OIL DURING 1975. PRESS GAVE NO DETAILS OF AGREEMENT BUT INDIAN EMBASSY FIRST SECRETARY, BHATNAGOR, TOLD DCM MARCH 10 (A) PRICE PER BARREL AND TERMS OF CONTRACT WERE STANDARD FOR EDNOC. HE SAID PRICE WAS LATEST PUBLIC OFFER (I.E. 93 PERCENT OF POSTED LESS REDUCTIONS UP TO 40 PERCENT IN SULPHUR PREMIUM) BUT DID NOT INCLUDE FURTHER REDUCTIONS WHICH REPORTEDLY HAVE NOW BEEN AGREED WITH OPERATING COMPANIES. (AS INDICATED REF A, HOWEVER, SUBSEQUENT ADJUSTMENT WILL UNDOUBTEDLY BE MADE.) OTHER CONDITIONS OF CONTRACT WERE
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LIKEWISE STANDARD - I.E. THERE IS RPT IS PENALTY FOR UNDER-

LIFTING - SO GOI DID NOT GET SOME OF SIDE BENEFITS OFFERED TO PAKISTANIS (REF B); (B) SALE BACKED BY CONCESSIONAL LOAN FROM UAEG TO GOI. BHATNAGAR ONLY GAVE GENERAL TERMS OF LOAN BUT IT IS SPECIFICALLY TO PAY FOR THIS CURDE PURCHASE; IT COVERS MORE THAN 50 PERCENT OF AMOUNT CONTRACTED - I.E. PROBABLY IN \$50 MILLION RANGE - BUT NOT RPT NOT ALL OF IT; INTEREST RATES ARE "SOFT" BUT BHATNAGAR INDICATED PERHAPS NOT AS LOW AS 2-3 PERCENT MENTIONED BY DCM; AND REPAYMENT IS OVER 15-20 YEARS.

2. COMMENT: LACKING SPECIFICS OF LOAN, IT DIFFICULT TO SAY EXACTLY HOW GOOD A DEAL GOI GOT FROM THE UAEG. HOWEVER, IT DOES APPEAR THAT TERMS ARE LESS THAN THOSE OFFERED TO PAKISTAN AND PROBABLY TO BANGLADESH AS WELL. ON THE OTHER HAND, REGARDLESS SPECIFIC TERMS, THIS IS SIZABLE LOAN AND YET ANOTHER EXAMPLE OF GENEROUS UAE ASSISTANCE. ONE WONDERS WHETHER GOI WOULD HAVE DONE AS WELL IF COMMITMENT HAD NOT

BEEN MADE EARLY JANUARY DURING ZAYID'S VISIT TO INDIA BEFORE EXTENT OF CURRENT FINANCIAL SQUEEZE BECAME CLEAR.
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